



USAID Loan Makes Company A “Grand” Success

In 1987 Drago Bilic, 50-years-old entrepreneur, decided to take a chance on turning a dream into reality. Risking family assets, he launched a business manufacturing wood furniture in Busovaca, Bosnia-Herzegovina. Together with two brothers, he began producing furniture to order in 1988 for customers from the surrounding area. Christened "Grand", the business thrived for five years and provided kitchen furniture, tables and chairs, cupboards and dressers.

This success was short-lived. In 1992, war broke out and his business was shut down overnight. During this time, the community was barely surviving and people could not find food let alone buy furniture. The brothers remained on their farm in Busovaca (the location of Muslim and Croat fighting) to protect their property and sustain their family on their life savings.

Six years later, the war ended and the fighting ceased. Bilic was ready to pick up where he had left off and rebuild his business. But the economy in Busovaca was unstable - banks were only giving short-term loans at exorbitant interest rates. Bilic was unable to secure a loan with the bank, let alone afford the high monthly payments.

Gospodarska Bank in Sarajevo, one of USAID's first agent banks, began lending funds after the war. When Bilic approached the bank to ask for a loan, the bank officers informed him of USAID business finance's loan programs. He thought that the lending terms and conditions were reasonable and decided to apply for a loan.



Photo: Ibrahim Sejfovic

Grand puts USAID-financed equipment into operation.

"We realized the only solution for returning our company on the path to success was to contact USAID," says Bilic. Applying for a USAID loan was relatively easy. A potential borrower would submit a loan request to an agent bank which would forward this request to USAID with its recommendation. USAID then analyzed the applicant's credit and submitted a loan recommendation for approval. Following approval, the interested parties would sign a loan agreement, register the collateral, and put the funds at the borrower's disposal.

Free business consulting services were offered to loan recipients. In addition to educating the owner on how to run a business, consultants provided instructions on managing finances and sound methods for building and preserving relationships with customers. In 1998, Grand received a loan for KM 300,000 (approximately \$176,000), which Bilic used to purchase a drying kiln, boiler room and wood processing equipment.

“USAID taught us how to run our business, calculate business expenses, design marketing strategies, and use advertisement as a tool for reaching potential customers.”

-Drago Bilic, entrepreneur

Through a combination of hard work, persistence, and USAID assistance, Bilic succeeded in rebuilding Grand into a thriving business once again. USAID's loan and consulting services sparked drastic changes in Grand's operations. The company obtained two subsequent loans which enabled Bilic to hire eleven additional employees, bringing its total workforce to seventeen.

Today, the firm is one of the region's top exporters, sending 90 percent of its wood furniture products to Italian, German, Swiss and Croatian markets.

